CITY OF CONCORD
DFI DOWNTOWN STUDY

UNC SCHOOL OF GOVERNMENT

MARKET ANALYSIS FINDINGS

Development Finance Initiative, 2016

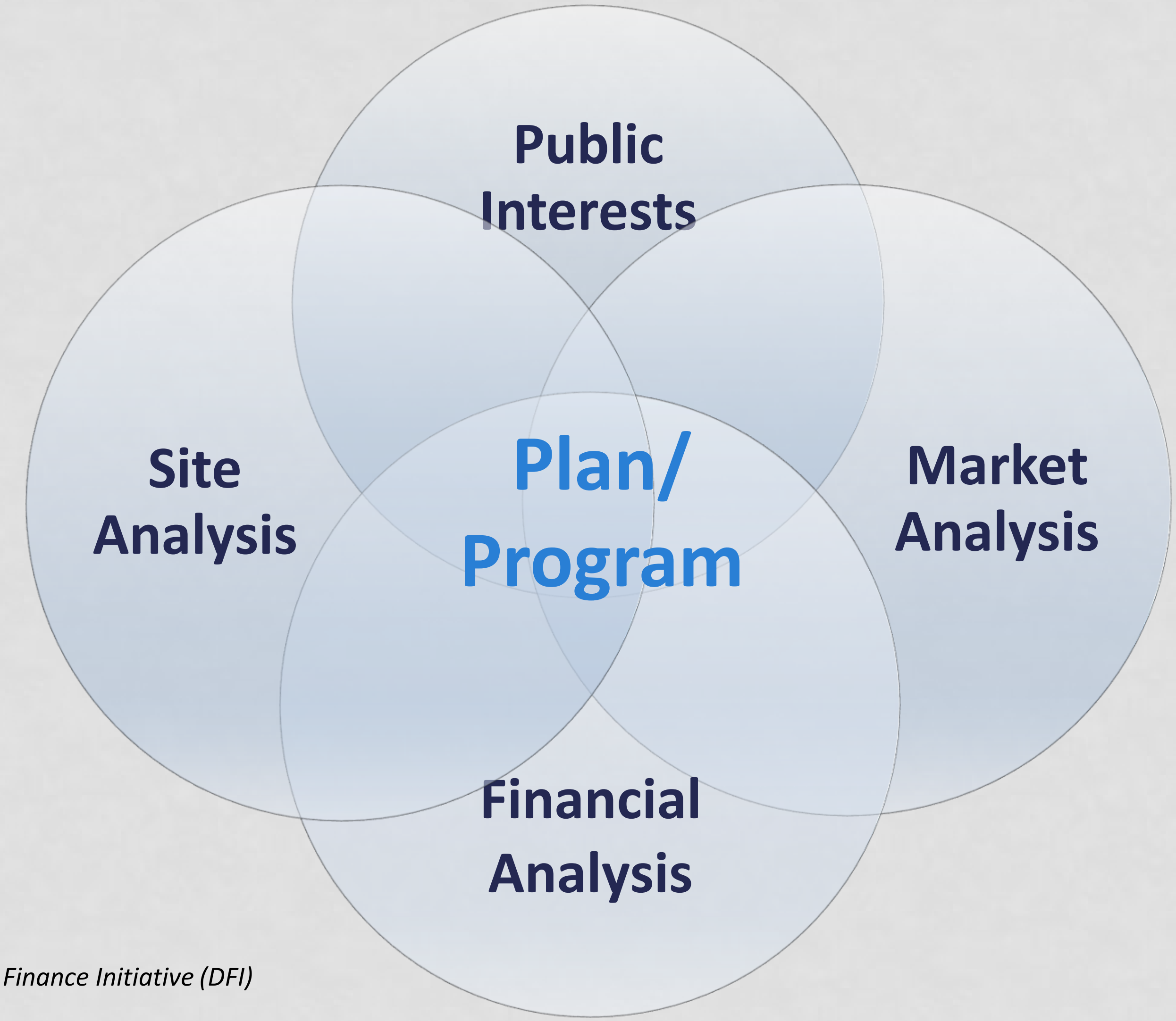
CONTENTS

SITES UNDER REVIEW

Municipal Building

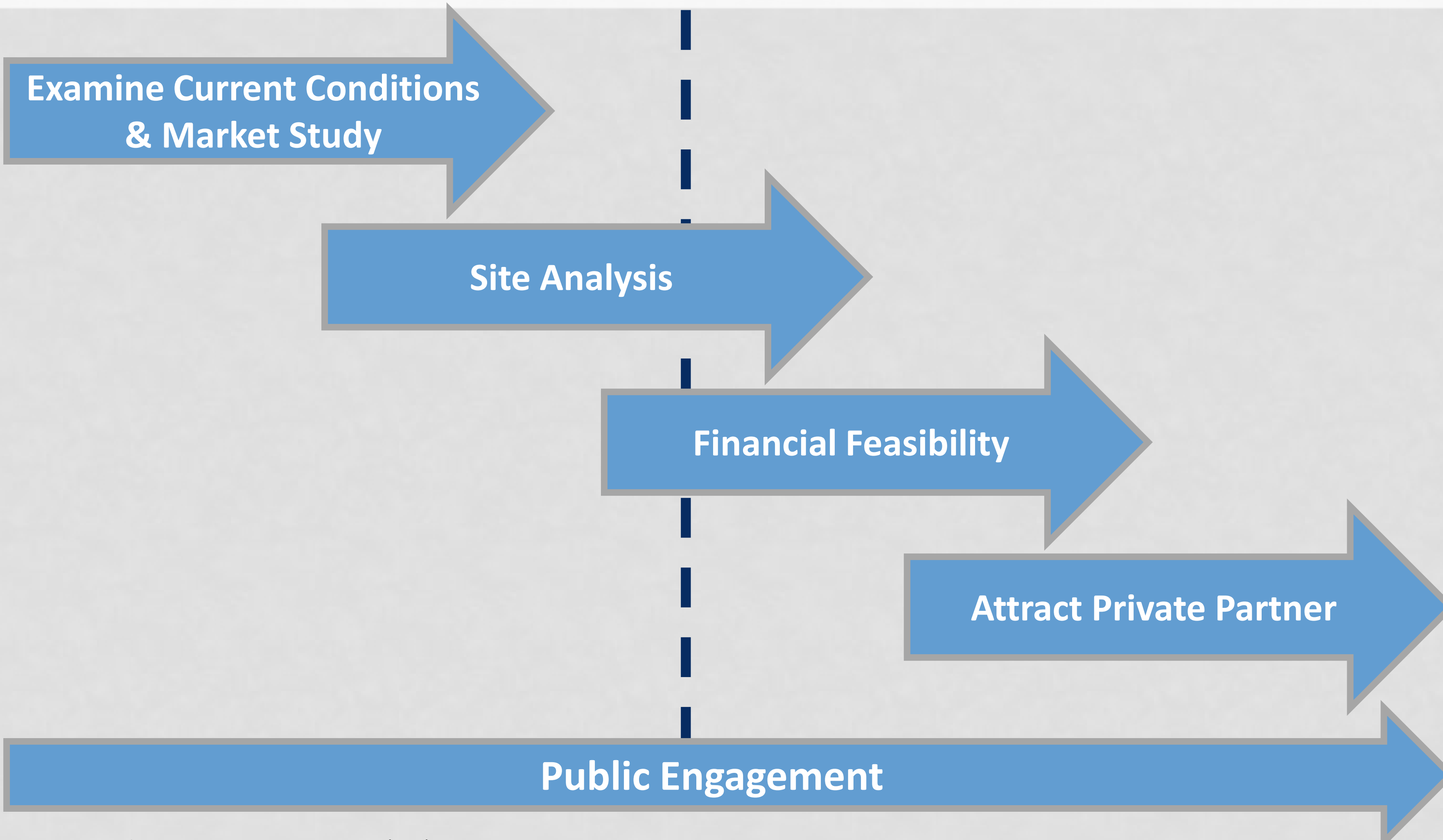
City Hall Annex

Goal: Redevelopment Plan



Source: Development Finance Initiative (DFI)

OUR PROCESS



Source: Development Finance Initiative (DFI)

EXAMINE CURRENT CONDITIONS

SUMMARY FINDINGS

PARCEL ANALYSIS

Parcel Analysis

- Purpose: Examine property use, ownership, values, vacancy and underutilization

Study Area Overview

- Includes downtown MSD as well as other key assets and downtown gateways
  - 226 parcels
  - 104 acres
  - 1.8 million built SF
    - Overall density: 17k SF/acre
  - $213M in total assessed value
  - $176M in building assessed value

Parcel Analysis Study Area

Note: "Downtown Study Area" used in parcel analysis to inform capture rate analysis later in the market analysis
Source: Data as of 2011. Cabarrus County Tax Assessor and GIS Department, Development Finance Initiative (DFI)

EXAMINATION OF CURRENT CONDITIONS SUMMARY FINDINGS

- Significant public and institutional ownership with **several key private owners identified**
- **Moderately low vacancy (14% of downtown SF*)** in-line with healthy North Carolina downtowns; bulk of vacancy driven by upper floors (approximately 22% of upper floor SF*)
- **Pockets of underutilization** concentrated in commercial space along Union Street and the Cabarrus Avenue gateway
  - Estimated at 25%** of total study area square footage
- Recent sales *within* Municipal Services District (MSD) coming in **above assessed value.** Properties *outside* the MSD have sold below assessed value
- Downtown Concord **has several key community assets** including its vibrant businesses, public, private and institutional stakeholders, a beautiful building stock and active community residents

* Source: Concord Downtown Development Corporation. Note that CDDC "downtown" study area not identical to DFI defined market analysis study area

** Based on DFI defined market analysis study area. Underutilization defined as property value assessed at below $30/SF.

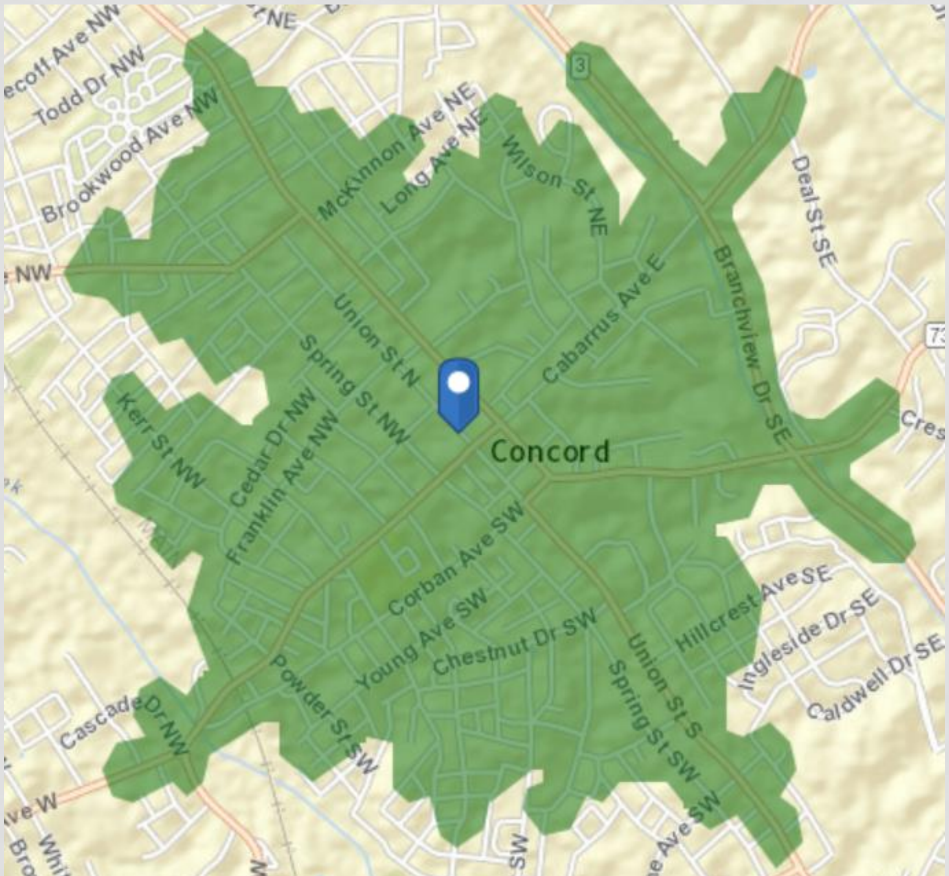
MARKET ANALYSIS

DETAILED FINDINGS

MARKET ANALYSIS DOWNTOWN STUDY AREA

Market Analysis Study Area

(3 minute drive time)



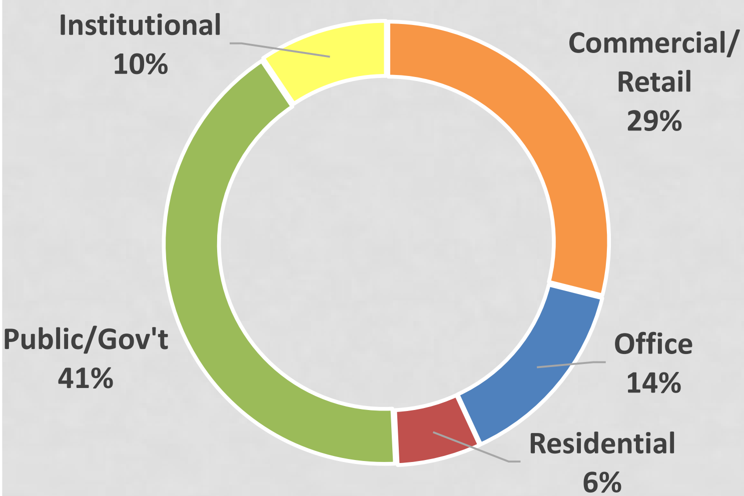
- Market Analysis downtown study area slightly larger than Parcel Analysis downtown study area
  - 3 minute drive time from Downtown, approximately 0.50 - 0.75 mile radius
- Used to determine estimated capture rates for downtown demand growth

Source: Esri Business Analyst Online. Development Finance Initiative (DFI)

MARKET ANALYSIS
DOWNTOWN CAPTURE RATES

Total Downtown SF Breakdown *

By Use



Estimated Downtown Capture Rates

Downtown Use	% of County	% of Concord
Residential (units)	4%	9%
Retail (SF)	4%	5%
Office (SF) **	4%	7%

- Residential capture rates based on Market Analysis Study Area (3 minute drive time) housing unit share of total County and City. Retail and commercial capture rates based on existing square footage as determined in DFI parcel analysis.

** As determined in DFI's parcel analysis. Data as of 2011.*
*** Represents "private" office space, excluding majority of government/public sector office space.*
Note: Source: Cabarrus County Tax Assessment Database, ESRI, inc.

BASE CASE
MARKET DEMAND PROJECTIONS

Process to determine "base case" market demand projections
(for each development use: residential, office, retail, and hotel)

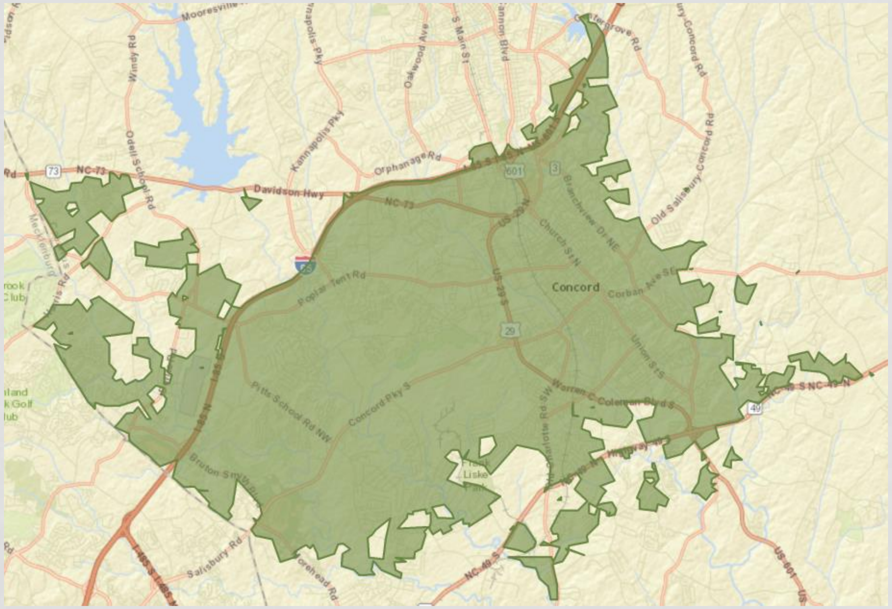
1. Define market area
2. Analyze demand drivers
3. Estimate future growth
   - Using projections of historic trends
   - And current Concord-specific capture rates
4. Project "base case" growth
   - Assuming no change in current trends or catalyst project

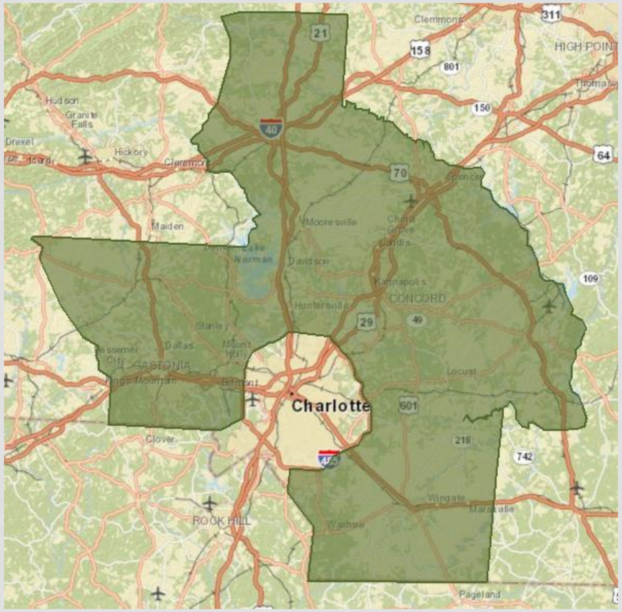
RESIDENTIAL

BASE CASE DEMAND PROJECTIONS

RESIDENTIAL MARKET STUDY AREAS

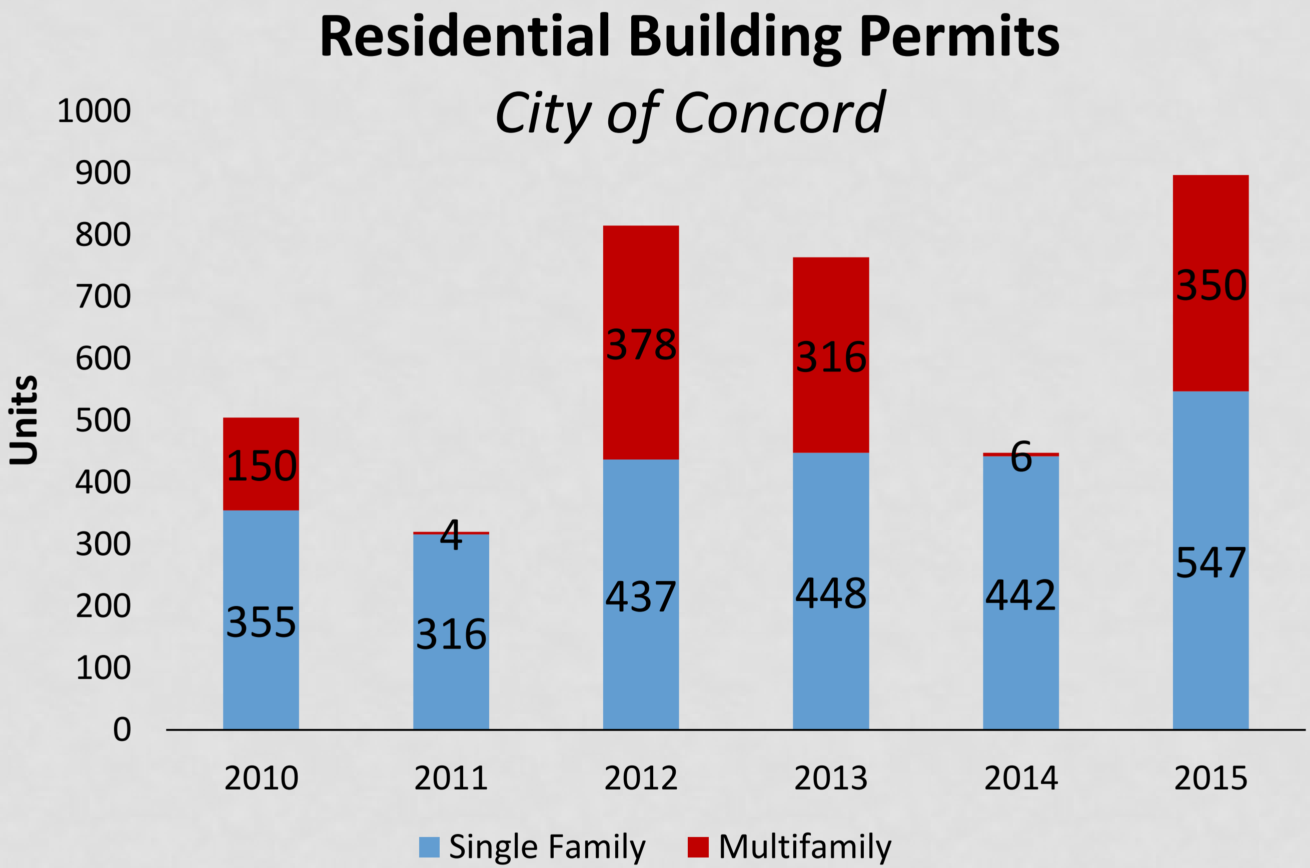
Primary Study Area: City of Concord





Secondary Study Area: Modified Charlotte MSA

BUILDING PERMITS



Residential permitting has increased over the past few years

Source: Cabarrus County Construction Standards Dodge Report.

EXISTING MF RESIDENTIAL SUPPLY (CURRENTLY FOR LEASE)

Downtown Concord apartments achieving competitive rates:

- ***1 bdr:** $1.40 - $1.67/SF*
- ***2 bdr:** $1.30 - $1.50/SF*

	1 Bedroom			2 Bedroom			3 Bedroom			
Name	**Rent**	**SF**	**$/SF**	**Rent**	**SF**	**$/SF**	**Rent**	**SF**	**$/SF**	**Units**
Meadow Creek Townhomes	$ 2,048	851	$ 2.41	$ 745	972	$ 0.77	$ 2,908	1,367	$ 2.13	81
				$ 2,305	1,116	$ 2.07	$ 1,283	1,485	$ 0.86	
							$ 3,100	1,485	$ 2.09	
Buckingham Place Apartments	$ 575	650	$ 0.88	$ 665	870	$ 0.76				120
				$ 825	1,070	$ 0.77				
Longview Meadow Apartments	$ 700	676	$ 1.04	$ 750	864	$ 0.87	$ 875	1,080	$ 0.81	135
	$ 650	520	$ 1.25							
Huntington Apartments	$ 470	288	$ 1.63							144
	$ 615	510	$ 1.21	$ 715	880	$ 0.81				
	$ 640	610	$ 1.05							
Kingsport Condos	$ 510	512	$ 1.00	$ 745	1,136	$ 0.66	$ 720	960	$ 0.75	51
				$ 635	768	$ 0.83				
Caralea Valley	$ 715	615	$ 1.16	$ 830	940	$ 0.88	$ 1,291	1,239	$ 1.04	233
	$ 828	733	$ 1.13	$ 1,040	1,069	$ 0.97				
Crestview	$ 520	480	$ 1.08	$ 615	764	$ 0.80	$ 1,596	1,491	$ 1.07	226
	$ 1,005	890	$ 1.13	$ 1,310	1,186	$ 1.10				
	$ 1,194	1,186	$ 1.01	$ 1,480	1,324	$ 1.12				
Heatherwood Apartments	$ 832	480	$ 1.73							80
Hampton Forest	$ 520	310	$ 1.68	$ 690	775	$ 0.89	$ 3,728	1,100	$ 3.39	80
	$ 658	400	$ 1.65	$ 1,007	900	$ 1.12				
	$ 720	700	$ 1.03							
	$ 891	700	$ 1.27							
Waters Edge	$ 540	512	$ 1.05				$ 823	1,080	$ 0.76	144
Legacy Grand at Concord	$ 857	851	$ 1.01	$ 905	1,116	$ 0.81	$ 1,227	1,368	$ 0.90	240
Mission Concord Place	$ 483	400	$ 1.21	$ 682	900	$ 0.76	$ 754	1,100	$ 0.69	162
				$ 945	940	$ 1.01				
Crown Point Apartments				$ 745	1,136	$ 0.66				152
The Cloisters of Concord	$ 695	750	$ 0.93	$ 815	960	$ 0.85	$ 1,020	1,050	$ 0.97	360
Afton Ridge Apartments	$ 865	784	$ 1.10	$ 1,095	1,167	$ 0.94	$ 1,295	1,316	$ 0.98	240
96 Tribune Ave				$ 500	1,000	$ 0.50				24
Parkway Crossing Apartments	$ 580	400	$ 1.45	$ 775	864	$ 0.90	$ 880	1,080	$ 0.81	222
Summerlin at Concord	$ 705	700	$ 1.01	$ 695	900	$ 0.77	$ 895	1,300	$ 0.69	160
Tower Place Apartments	$ 790	742	$ 1.06	$ 880	1,023	$ 0.86	$ 1,100	1,276	$ 0.86	128
Hawthorne at Concord	$ 920	890	$ 1.03	$ 1,200	1,186	$ 1.01	$ 1,500	1,491	$ 1.01	239
Bexley Square at Concord Mills	$ 799	733	$ 1.09	$ 899	864	$ 1.04	$ 1,199	1,239	$ 0.97	312
Lofts 29	$ 755	453	$ 1.67	$ 1,180	894	$ 1.32				26
	$ 870	560	$ 1.55	$ 1,345	894	$ 1.50				
	$ 1,045	740	$ 1.41	$ 1,195	909	$ 1.31				
Concord Chase	$ 580	687	$ 0.84	$ 650	845	$ 0.77	$ 725	1,099	$ 0.66	N/A
Legacy Concord	$ 958	665	$ 1.44	$ 1,350	1,080	$ 1.25	$ 1,500	1,291	$ 1.16	N/A
Locke Mill	$ 575	800	$ 0.72	$ 675	1,200	$ 0.56	$ 775	1,500	$ 0.52	149
Average	**$ 768**	**641**	**$ 1.23**	**$ 936**	**985**	**$ 0.95**	**$ 1,390**	**1,257**	**$ 1.10**	**3,708**

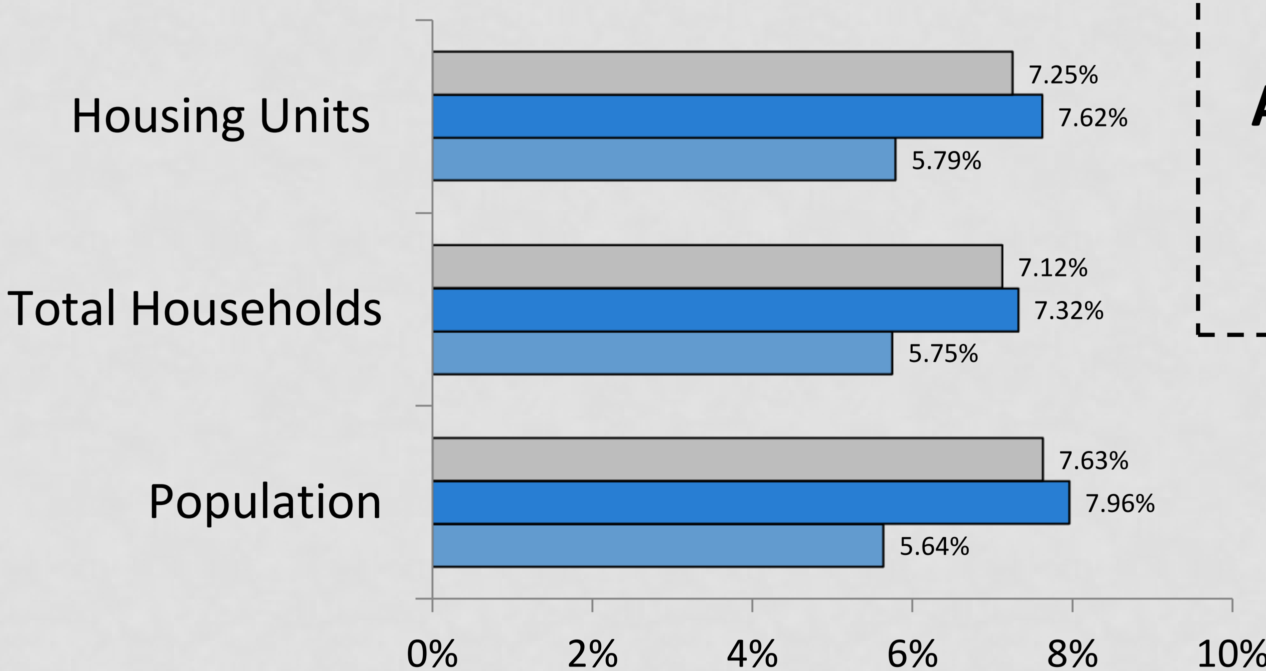
Source: www.apartments.com and various outreach to area apartment management. Data as of February 2016.

RESIDENTIAL DEMAND DRIVERS

5-year Growth Projections

Units, Households, and Population

2015 – 2020



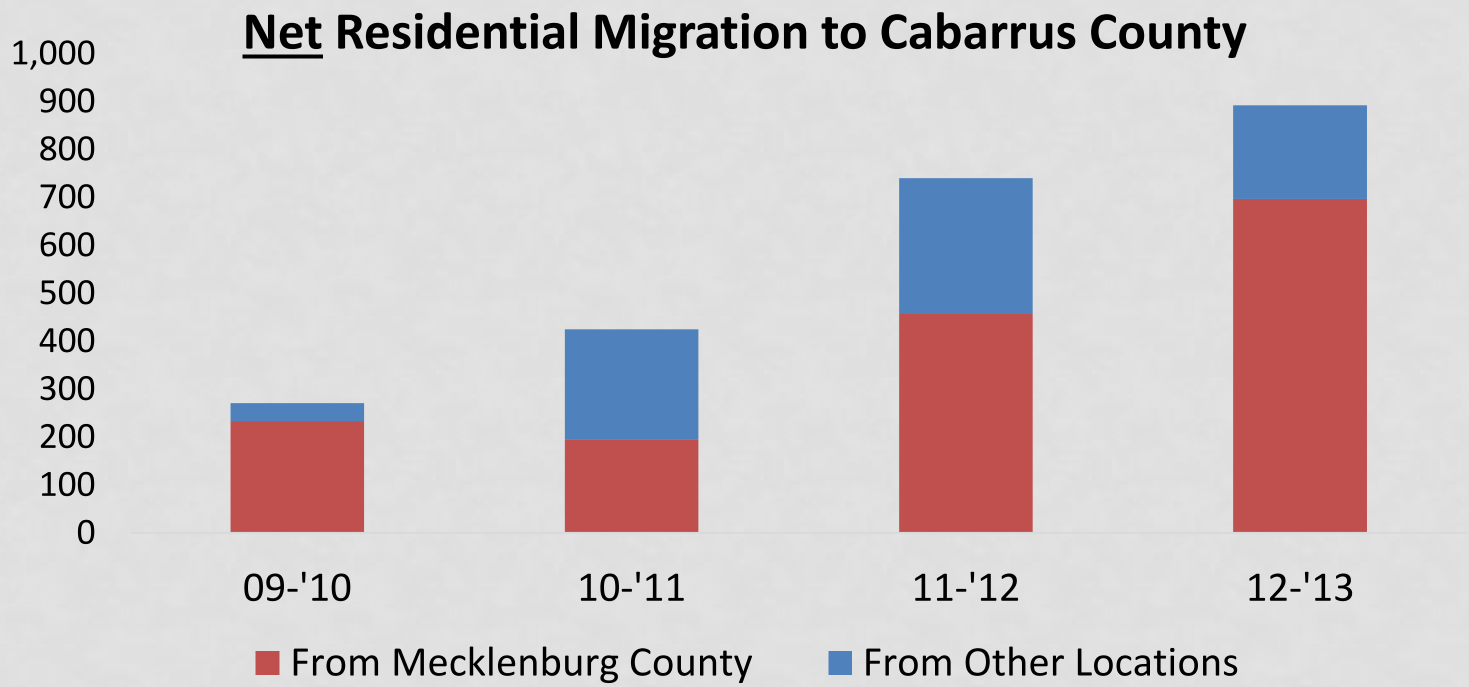
Estimated Annual Housing Unit Growth

1% - 2%

Projected growth in Cabarrus County is higher than the state average

Source: ESRI, Inc. Business Analyst Online
Note: Data represents future projections of historic trends.

MIGRATION PATTERNS



- *Net migration (inflow less outflow) into Cabarrus County has increased over the past few years. On average, Mecklenburg County has made up 68% of that net migration.*
- *Inflow migration (not shown here) to Cabarrus County has increased 3x from 2010 to 2013. On average, Mecklenburg County made up 31% of that inflow migration.*

Source: U.S. Internal Revenue Service.

BASE CASE RESIDENTIAL DEMAND PROJECTIONS

Annual Trade Area Housing Unit Growth

1 -2 %

Concord Downtown

Estimated Capture of Trade Area Residential Units *

9%

Estimated 10-Year Base Case Housing Unit Demand	
Low	**High**
1% growth	2% growth
390 units	680 units

Current Downtown Multifamily	
Lofts 29 (2015)	26 units

* Capture based on existing housing units within market analysis study area as defined earlier in this presentation.
Source ESRI, Inc., LEHD, U.S. Census Center for Economic Studies.
Note: Base Case projections represent future projections of historic trends.

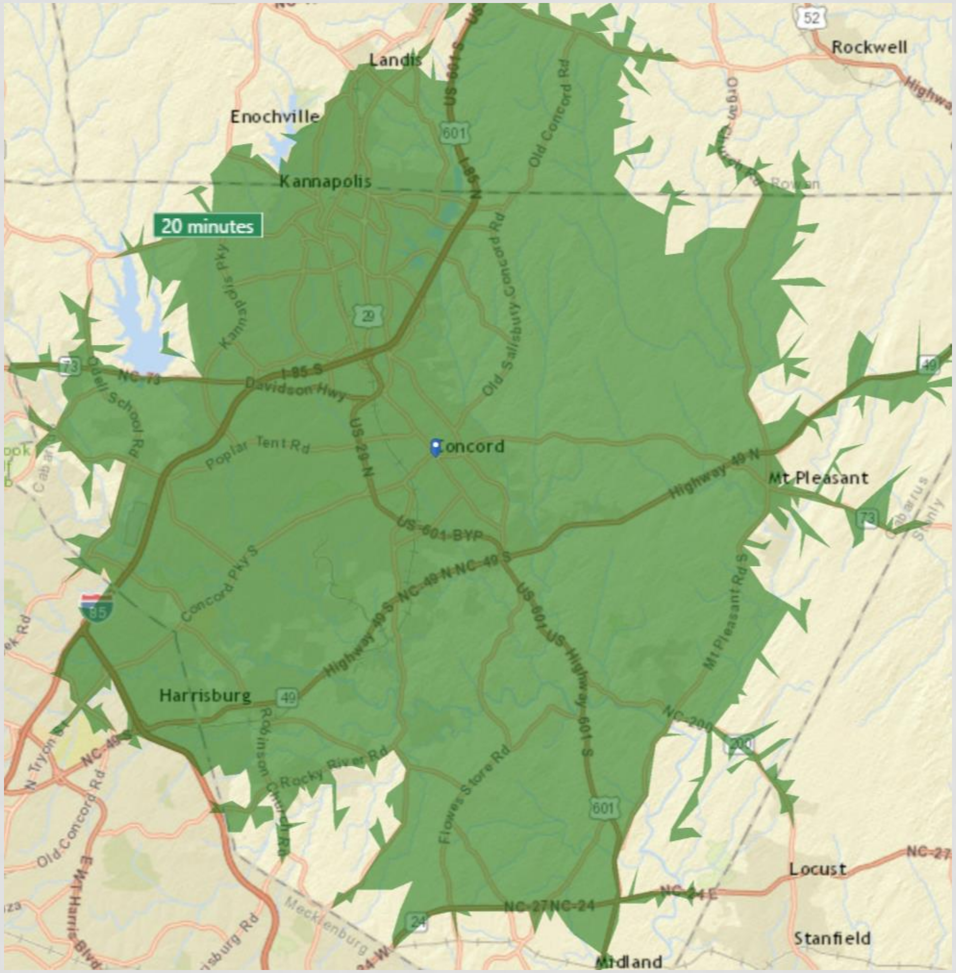
RETAIL

BASED CASE DEMAND PROJECTIONS

RETAIL STUDY AREA

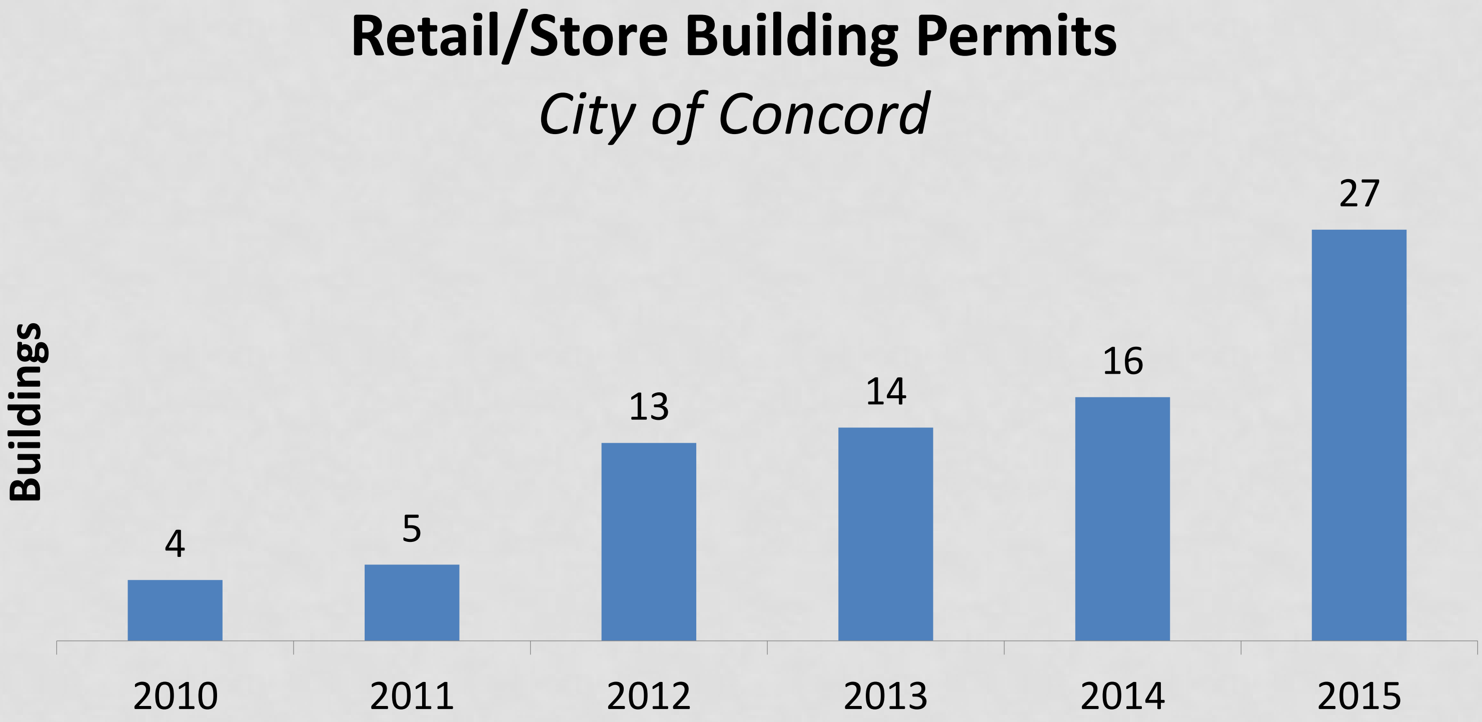
Retail Trade Area:

20 minute drive-time from downtown Concord



Source: ESRI, Inc. Business Analyst Online

BUILDING PERMITS



Retail/store permitting has increased significantly in 2015

Source: Cabarrus County Construction Standards Dodge Report.

EXISTING RETAIL SUPPLY (CURRENTLY FOR LEASE)

Average Downtown Concord retail space rental rate

$12.25/SF*

Address	Distance from DT (miles)	SF	$/SF/yr*
37 Union St. S	Downtown	1,300	$ 14.0
11 Union St. S	Downtown	1,800	$ 12.0
11 Union St. S	Downtown	1,100	$ 12.0
3 Union St. S	Downtown	1,900	$ 11.0
1 Buffalo Avenue NW	0.8	900	$ 6.0
363 N Church	1.0	4,500	$ 12.0
845 Church St	2.0	9,155	$ 13.0
256 Concord Parkway S	2.1	3,023	$ 19.8
929 Concord Parkway S	3.0	2,874	$ 14.0
936 Concord Parkway N	3.0	4,800	$ 15.0
119 Country Club Dr. NE	3.0	1,050	$ 10.0
119 Country Club Dr. NE	3.0	3,250	$ 13.0
349 Copperfield Boulevard	3.3	8,600	$ 18.0
300 Copperfield Blvd	3.5	6,000	$ 11.5
1000 Cooperfield Blvd NE	4.3	3,765	$ 13.0
986 Copperfield Blvd NE	4.4	7,140	$ 9.0
450 Pitts School Rd NW	7.1	2,400	$ 13.0
Average		**3,739**	**12.72**

** Represents a mix of NNN and modified gross leases. Data as of February 2016.*
Source: LoopNet, CoStar Group, CityFeet, outreach to area management.

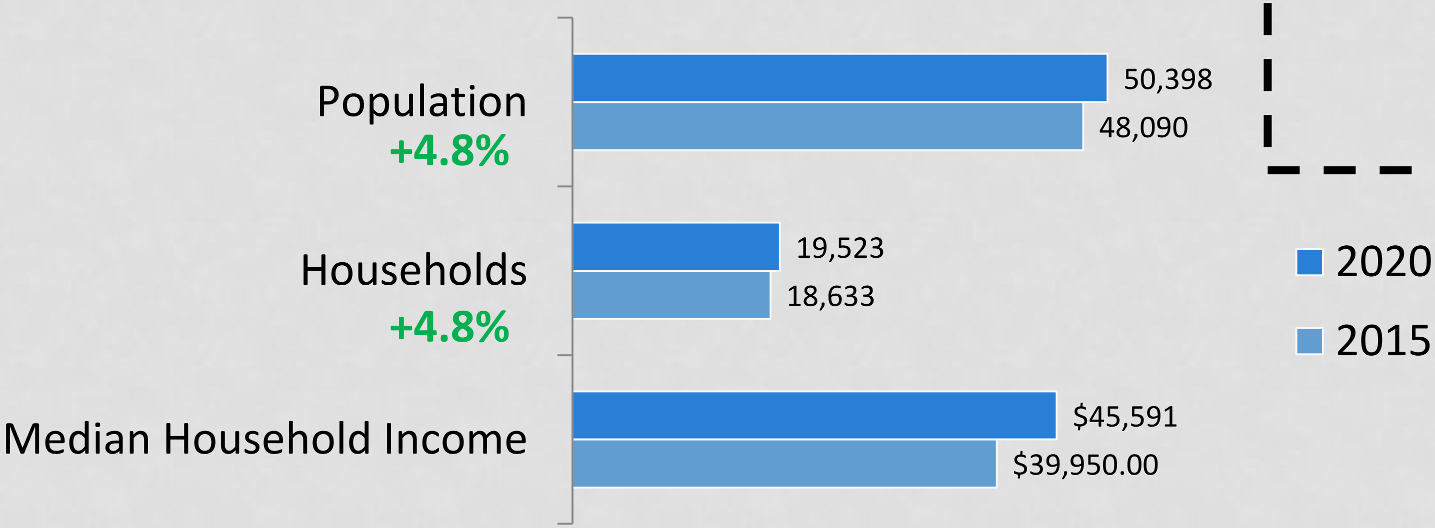
RETAIL DEMAND DRIVERS

5-year Growth Projections

Retail Study Area

Population, Households

2015 - 2020



Estimated Annual Household Growth

1.0%

Households expected to grow by 5% over the next five years

Source: ESRI, Inc. Business Analyst Online

Note: Data represents future projections of historic trends

RETAIL STUDY AREA
RETAIL GAP ANALYSIS

- **Surplus** = Retail Potential < Sales
  - Outsiders coming into trade area (imported dollars)
- **Leakage** = Retail Potential > Sales
  - Locals spend outside trade area
    (pent-up demand)

20 Minute Drive Time
(Primary Study Area)

Category	Trade Area Leakage/Surplus
Retail Trade	-$907M
Food & Drink	-$10M
Total	**-$916M**

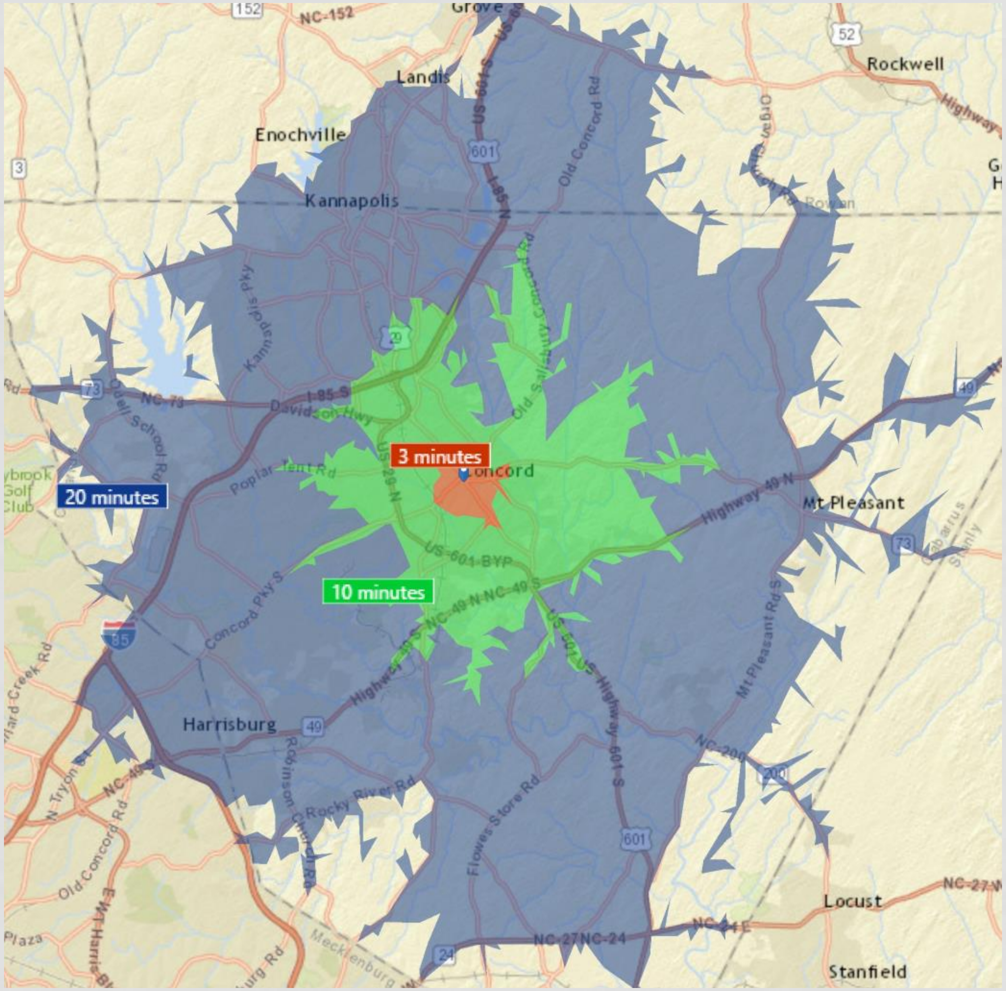
- *Significant surplus across the Primary Retail Study Area, impacted by Concord Mills; however, opportunity to capture pent-up demand in the more immediate downtown trade area.*
- *Retail gap analysis of downtown study area (3 minute drive time) indicates pent-up demand in some downtown-oriented retail categories: health and personal care, food & beverage and limited food service & drinking places.*

Source: ESRI, Inc. Business Analyst Online.

DETAILED RETAIL GAP ANALYSIS

Three study areas examined:

- **20 minute drive time** (primary study area)
- **10 minute drive time**
- **3 minute drive time** ("Downtown")



Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please click the link below to view the Methodology Statement.

RETAIL GAP ANALYSIS

20 MINUTE DRIVE TIME

Esri Retail Gap Analysis

By Industry Subsector

	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplu Factor	Number of Businesses
Summary Demographics						
2015 Population						202,529
2015 Households						76,115
2015 Median Disposable Income						$39,088
2015 Per Capita Income						$25,098
Industry Summary	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Total Retail Trade and Food & Drink	44-	$2,785,031,871	$3,724,954,026	-$939,922,155	-14.4	1,659
Total Retail Trade	44-45	$2,516,288,544	$3,396,689,607	-$880,401,063	-14.9	1,220
Total Food & Drink	722	$268,743,327	$328,264,419	-$59,521,092	-10.0	439
Industry Group	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$579,016,827	$971,639,065	-$392,622,238	-25.3	206
Furniture & Home Furnishings Stores	442	$79,348,267	$83,491,316	-$4,143,049	-2.5	66
Electronics & Appliance Stores	443	$115,660,187	$128,764,379	-$13,104,192	-5.4	52
Bldg Materials, Garden Equip. & Supply Stores	444	$116,246,290	$110,598,987	$5,647,303	2.5	90
Food & Beverage Stores	445	$514,663,937	$400,367,843	$114,296,094	12.5	112
Health & Personal Care Stores	446,4461	$144,098,831	$216,229,933	-$72,131,102	-20.0	92
Gasoline Stations	447,4471	$176,618,341	$185,613,438	-$8,995,097	-2.5	81
Clothing & Clothing Accessories Stores	448	$119,958,329	$224,384,541	-$104,426,212	-30.3	189
Sporting Goods, Hobby, Book & Music Stores	451	$65,300,728	$101,429,210	-$36,128,482	-21.7	78
General Merchandise Stores	452	$463,034,836	$707,035,777	-$244,000,941	-20.9	67
Miscellaneous Store Retailers	453	$94,243,706	$158,174,827	-$63,931,121	-25.3	170
Nonstore Retailers	454	$48,098,264	$108,960,291	-$60,862,027	-38.8	17
Food Services & Drinking Places	722	$268,743,327	$328,264,419	-$59,521,092	-10.0	439

RETAIL GAP ANALYSIS

20 MINUTE DRIVE TIME - DETAIL

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplu Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-	$2,785,031,871	$3,724,954,026	-$939,922,155	-14.4	1,659
Total Retail Trade	44-45	$2,516,288,544	$3,396,689,607	-$880,401,063	-14.9	1,220
Total Food & Drink	722	$268,743,327	$328,264,419	-$59,521,092	-10.0	439
Industry Group	**NAICS**	**Demand (Retail Potential)**	**Supply (Retail Sales)**	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$579,016,827	$971,639,065	-$392,622,238	-25.3	206
Automobile Dealers	4411	$480,392,118	$818,207,003	-$337,814,885	-26.0	106
Other Motor Vehicle Dealers	4412	$55,290,415	$97,813,016	-$42,522,601	-27.8	22
Auto Parts, Accessories & Tire Stores	4413	$43,334,295	$55,619,046	-$12,284,751	-12.4	78
Furniture & Home Furnishings Stores	442	$79,348,267	$83,491,316	-$4,143,049	-2.5	66
Furniture Stores	4421	$50,496,440	$59,501,529	-$9,005,089	-8.2	33
Home Furnishings Stores	4422	$28,851,828	$23,989,787	$4,862,041	9.2	33
Electronics & Appliance Stores	443	$115,660,187	$128,764,379	-$13,104,192	-5.4	52
Bldg Materials, Garden Equip. & Supply Stores	444	$116,246,290	$110,598,987	$5,647,303	2.5	90
Bldg Material & Supplies Dealers	4441	$104,064,063	$97,284,378	$6,779,685	3.4	64
Lawn & Garden Equip & Supply Stores	4442	$12,182,227	$13,314,609	-$1,132,382	-4.4	26
Food & Beverage Stores	445	$514,663,937	$400,367,843	$114,296,094	12.5	112
Grocery Stores	4451	$407,442,876	$379,565,863	$27,877,013	3.5	86
Specialty Food Stores	4452	$92,065,013	$10,104,953	$81,960,060	80.2	18
Beer, Wine & Liquor Stores	4453	$15,156,047	$10,697,026	$4,459,021	17.2	9
Health & Personal Care Stores	446,4461	$144,098,831	$216,229,933	-$72,131,102	-20.0	92
Gasoline Stations	447,4471	$176,618,341	$185,613,438	-$8,995,097	-2.5	81
Clothing & Clothing Accessories Stores	448	$119,958,329	$224,384,541	-$104,426,212	-30.3	189
Clothing Stores	4481	$80,300,998	$156,105,347	-$75,804,349	-32.1	130
Shoe Stores	4482	$14,788,861	$40,149,806	-$25,360,945	-46.2	32
Jewelry, Luggage & Leather Goods Stores	4483	$24,868,469	$28,129,387	-$3,260,918	-6.2	27
Sporting Goods, Hobby, Book & Music Stores	451	$65,300,728	$101,429,210	-$36,128,482	-21.7	78
Sporting Goods/Hobby/Musical Instr Stores	4511	$49,495,215	$88,405,299	-$38,910,084	-28.2	68
Book, Periodical & Music Stores	4512	$15,805,513	$13,023,910	$2,781,603	9.6	9
General Merchandise Stores	452	$463,034,836	$707,035,777	-$244,000,941	-20.9	67
Department Stores Excluding Leased Depts.	4521	$360,222,276	$507,974,062	-$147,751,786	-17.0	22
Other General Merchandise Stores	4529	$102,812,560	$199,061,715	-$96,249,155	-31.9	45
Miscellaneous Store Retailers	453	$94,243,706	$158,174,827	-$63,931,121	-25.3	170
Florists	4531	$3,287,748	$3,494,872	-$207,124	-3.1	16
Office Supplies, Stationery & Gift Stores	4532	$15,440,582	$24,208,640	-$8,768,058	-22.1	32
Used Merchandise Stores	4533	$10,252,284	$10,893,659	-$641,375	-3.0	39
Other Miscellaneous Store Retailers	4539	$65,263,093	$119,577,656	-$54,314,563	-29.4	83
Nonstore Retailers	454	$48,098,264	$108,960,291	-$60,862,027	-38.8	17
Electronic Shopping & Mail-Order Houses	4541	$35,266,759	$103,562,301	-$68,295,542	-49.2	7
Vending Machine Operators	4542	$2,149,195	$1,702,993	$446,202	11.6	5
Direct Selling Establishments	4543	$10,682,310	$3,694,998	$6,987,312	48.6	5
Food Services & Drinking Places	722	$268,743,327	$328,264,419	-$59,521,092	-10.0	439
Full-Service Restaurants	7221	$134,649,749	$151,396,548	-$16,746,799	-5.9	244
Limited-Service Eating Places	7222	$117,533,355	$172,122,956	-$54,589,601	-18.8	168
Special Food Services	7223	$3,139,535	$2,590,597	$548,938	9.6	18
Drinking Places - Alcoholic Beverages	7224	$13,420,688	$2,154,318	$11,266,370	72.3	9

RETAIL GAP ANALYSIS
10 MINUTE DRIVE TIME

Esri Retail Gap Analysis

By Industry Subsector

Summary Demographics						
2015 Population						46,343
2015 Households						17,884
2015 Median Disposable Income						$32,417
2015 Per Capita Income						$21,122
Industry Summary	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Total Retail Trade and Food & Drink	44-	$539,113,516	$1,130,667,524	-$591,554,008	-35.4	551
Total Retail Trade	44-45	$487,562,403	$1,025,941,394	-$538,378,991	-35.6	399
Total Food & Drink	722	$51,551,112	$104,726,129	-$53,175,017	-34.0	152
Industry Group	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$110,815,487	$244,427,007	-$133,611,520	-37.6	68
Furniture & Home Furnishings Stores	442	$15,074,045	$13,474,845	$1,599,200	5.6	17
Electronics & Appliance Stores	443	$22,200,963	$26,527,008	-$4,326,045	-8.9	17
Bldg Materials, Garden Equip. & Supply Stores	444	$22,104,978	$47,280,874	-$25,175,896	-36.3	28
Food & Beverage Stores	445	$101,285,503	$129,145,894	-$27,860,391	-12.1	38
Health & Personal Care Stores	446,4461	$28,456,843	$102,225,502	-$73,768,659	-56.4	38
Gasoline Stations	447,4471	$34,628,444	$72,486,333	-$37,857,889	-35.3	31
Clothing & Clothing Accessories Stores	448	$23,029,178	$46,496,887	-$23,467,709	-33.8	56
Sporting Goods, Hobby, Book & Music Stores	451	$12,349,591	$18,260,839	-$5,911,248	-19.3	19
General Merchandise Stores	452	$89,618,936	$298,196,486	-$208,577,550	-53.8	25
Miscellaneous Store Retailers	453	$18,503,728	$25,464,266	-$6,960,538	-15.8	59
Nonstore Retailers	454	$9,494,709	$1,955,453	$7,539,256	65.8	3
Food Services & Drinking Places	722	$51,551,112	$104,726,129	-$53,175,017	-34.0	152

RETAIL GAP ANALYSIS

10 MINUTE DRIVE TIME - DETAIL

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplu Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-	$539,113,516	$1,130,667,524	-$591,554,008	-35.4	551
Total Retail Trade	44-45	$487,562,403	$1,025,941,394	-$538,378,991	-35.6	399
Total Food & Drink	722	$51,551,112	$104,726,129	-$53,175,017	-34.0	152
Industry Group	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$110,815,487	$244,427,007	-$133,611,520	-37.6	68
Automobile Dealers	4411	$92,024,507	$206,142,756	-$114,118,249	-38.3	34
Other Motor Vehicle Dealers	4412	$10,371,723	$20,430,321	-$10,058,598	-32.7	8
Auto Parts, Accessories & Tire Stores	4413	$8,419,257	$17,853,929	-$9,434,672	-35.9	26
Furniture & Home Furnishings Stores	442	$15,074,045	$13,474,845	$1,599,200	5.6	17
Furniture Stores	4421	$9,566,922	$5,608,312	$3,958,610	26.1	6
Home Furnishings Stores	4422	$5,507,123	$7,866,533	-$2,359,410	-17.6	11
Electronics & Appliance Stores	443	$22,200,963	$26,527,008	-$4,326,045	-8.9	17
Bldg Materials, Garden Equip. & Supply Stores	444	$22,104,978	$47,280,874	-$25,175,896	-36.3	28
Bldg Material & Supplies Dealers	4441	$19,716,819	$45,329,216	-$25,612,397	-39.4	23
Lawn & Garden Equip & Supply Stores	4442	$2,388,159	$1,951,659	$436,500	10.1	5
Food & Beverage Stores	445	$101,285,503	$129,145,894	-$27,860,391	-12.1	38
Grocery Stores	4451	$80,270,466	$121,664,712	-$41,394,246	-20.5	27
Specialty Food Stores	4452	$18,105,407	$3,615,202	$14,490,205	66.7	6
Beer, Wine & Liquor Stores	4453	$2,909,631	$3,865,980	-$956,349	-14.1	4
Health & Personal Care Stores	446,4461	$28,456,843	$102,225,502	-$73,768,659	-56.4	38
Gasoline Stations	447,4471	$34,628,444	$72,486,333	-$37,857,889	-35.3	31
Clothing & Clothing Accessories Stores	448	$23,029,178	$46,496,887	-$23,467,709	-33.8	56
Clothing Stores	4481	$15,501,511	$31,718,260	-$16,216,749	-34.3	38
Shoe Stores	4482	$2,878,362	$6,823,687	-$3,945,325	-40.7	8
Jewelry, Luggage & Leather Goods Stores	4483	$4,649,305	$7,954,939	-$3,305,634	-26.2	11
Sporting Goods, Hobby, Book & Music Stores	451	$12,349,591	$18,260,839	-$5,911,248	-19.3	19
Sporting Goods/Hobby/Musical Instr Stores	4511	$9,306,027	$15,712,659	-$6,406,632	-25.6	17
Book, Periodical & Music Stores	4512	$3,043,563	$2,548,179	$495,384	8.9	2
General Merchandise Stores	452	$89,618,936	$298,196,486	-$208,577,550	-53.8	25
Department Stores Excluding Leased Depts.	4521	$69,453,028	$217,505,519	-$148,052,491	-51.6	10
Other General Merchandise Stores	4529	$20,165,908	$80,690,967	-$60,525,059	-60.0	15
Miscellaneous Store Retailers	453	$18,503,728	$25,464,266	-$6,960,538	-15.8	59
Florists	4531	$637,949	$1,140,944	-$502,995	-28.3	7
Office Supplies, Stationery & Gift Stores	4532	$2,975,963	$8,233,540	-$5,257,577	-46.9	11
Used Merchandise Stores	4533	$1,970,801	$3,910,273	-$1,939,472	-33.0	19
Other Miscellaneous Store Retailers	4539	$12,919,016	$12,179,509	$739,507	2.9	23
Nonstore Retailers	454	$9,494,709	$1,955,453	$7,539,256	65.8	3
Electronic Shopping & Mail-Order Houses	4541	$6,819,484	$1,767,813	$5,051,671	58.8	2
Vending Machine Operators	4542	$422,343	$187,640	$234,703	38.5	1
Direct Selling Establishments	4543	$2,252,881	$0	$2,252,881	100.0	0
Food Services & Drinking Places	722	$51,551,112	$104,726,129	-$53,175,017	-34.0	152
Full-Service Restaurants	7221	$25,853,002	$47,179,353	-$21,326,351	-29.2	87
Limited-Service Eating Places	7222	$22,566,422	$55,752,061	-$33,185,639	-42.4	56
Special Food Services	7223	$593,225	$1,084,762	-$491,537	-29.3	5
Drinking Places - Alcoholic Beverages	7224	$2,538,463	$709,953	$1,828,510	56.3	3

RETAIL GAP ANALYSIS
3 *MINUTE DRIVE TIME*

Esri Retail Gap Analysis

By Industry Subsector

Summary Demographics						
2015 Population						6,686
2015 Households						2,496
2015 Median Disposable Income						$26,647
2015 Per Capita Income						$19,082
Industry Summary	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Total Retail Trade and Food & Drink	44-	$69,815,018	$43,916,823	$25,898,195	22.8	75
Total Retail Trade	44-45	$63,249,147	$35,652,033	$27,597,114	27.9	51
Total Food & Drink	722	$6,565,871	$8,264,789	-$1,698,918	-11.5	24
Industry Group	**NAICS**	**Demand** (Retail Potential)	**Supply** (Retail Sales)	**Retail Gap**	**Leakage/Surplu Factor**	**Number of Businesses**
Motor Vehicle & Parts Dealers	441	$14,361,085	$3,302,024	$11,059,061	62.6	3
Furniture & Home Furnishings Stores	442	$1,925,760	$1,627,523	$298,237	8.4	3
Electronics & Appliance Stores	443	$2,844,789	$552,151	$2,292,638	67.5	1
Bldg Materials, Garden Equip. & Supply Stores	444	$2,791,515	$2,332,603	$458,912	9.0	2
Food & Beverage Stores	445	$13,242,348	$7,957,384	$5,284,964	24.9	4
Health & Personal Care Stores	446,4461	$3,718,937	$1,672,010	$2,046,927	38.0	2
Gasoline Stations	447,4471	$4,552,394	$9,243,215	-$4,690,821	-34.0	5
Clothing & Clothing Accessories Stores	448	$2,949,104	$3,002,880	-$53,776	-0.9	10
Sporting Goods, Hobby, Book & Music Stores	451	$1,580,928	$143,358	$1,437,570	83.4	1
General Merchandise Stores	452	$11,589,464	$648,313	$10,941,151	89.4	2
Miscellaneous Store Retailers	453	$2,444,417	$5,170,572	-$2,726,155	-35.8	18
Nonstore Retailers	454	$1,248,406	$0	$1,248,406	100.0	0
Food Services & Drinking Places	722	$6,565,871	$8,264,789	-$1,698,918	-11.5	24

RETAIL GAP ANALYSIS
3 MINUTE DRIVE TIME - DETAIL

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplu Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-	$69,815,018	$43,916,823	$25,898,195	22.8	75
Total Retail Trade	44-45	$63,249,147	$35,652,033	$27,597,114	27.9	51
Total Food & Drink	722	$6,565,871	$8,264,789	-$1,698,918	-11.5	24

Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplu Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	$14,361,085	$3,302,024	$11,059,061	62.6	3
Automobile Dealers	4411	$11,942,285	$2,829,010	$9,113,275	61.7	2
Other Motor Vehicle Dealers	4412	$1,337,758	$461,862	$875,896	48.7	1
Auto Parts, Accessories & Tire Stores	4413	$1,081,042	$0	$1,081,042	100.0	0
Furniture & Home Furnishings Stores	442	$1,925,760	$1,627,523	$298,237	8.4	3
Furniture Stores	4421	$1,225,050	$832,783	$392,267	19.1	1
Home Furnishings Stores	4422	$700,710	$794,740	-$94,030	-6.3	2
Electronics & Appliance Stores	443	$2,844,789	$552,151	$2,292,638	67.5	1
Bldg Materials, Garden Equip. & Supply Stores	444	$2,791,515	$2,332,603	$458,912	9.0	2
Bldg Material & Supplies Dealers	4441	$2,477,907	$2,293,207	$184,700	3.9	2
Lawn & Garden Equip & Supply Stores	4442	$313,608	$0	$313,608	100.0	0
Food & Beverage Stores	445	$13,242,348	$7,957,384	$5,284,964	24.9	4
Grocery Stores	4451	$10,507,738	$7,273,360	$3,234,378	18.2	3
Specialty Food Stores	4452	$2,366,991	$0	$2,366,991	100.0	0
Beer, Wine & Liquor Stores	4453	$367,619	$675,230	-$307,611	-29.5	1
Health & Personal Care Stores	446,4461	$3,718,937	$1,672,010	$2,046,927	38.0	2
Gasoline Stations	447,4471	$4,552,394	$9,243,215	-$4,690,821	-34.0	5
Clothing & Clothing Accessories Stores	448	$2,949,104	$3,002,880	-$53,776	-0.9	10
Clothing Stores	4481	$1,991,561	$1,290,797	$700,764	21.3	6
Shoe Stores	4482	$371,568	$522,785	-$151,217	-16.9	1
Jewelry, Luggage & Leather Goods Stores	4483	$585,975	$1,189,299	-$603,324	-34.0	3
Sporting Goods, Hobby, Book & Music Stores	451	$1,580,928	$143,358	$1,437,570	83.4	1
Sporting Goods/Hobby/Musical Instr Stores	4511	$1,183,450	$143,358	$1,040,092	78.4	1
Book, Periodical & Music Stores	4512	$397,478	$0	$397,478	100.0	0
General Merchandise Stores	452	$11,589,464	$648,313	$10,941,151	89.4	2
Department Stores Excluding Leased Depts.	4521	$8,953,841	$0	$8,953,841	100.0	0
Other General Merchandise Stores	4529	$2,635,622	$491,589	$2,144,033	68.6	1
Miscellaneous Store Retailers	453	$2,444,417	$5,170,572	-$2,726,155	-35.8	18
Florists	4531	$80,974	$390,536	-$309,562	-65.7	1
Office Supplies, Stationery & Gift Stores	4532	$381,187	$1,865,070	-$1,483,883	-66.1	4
Used Merchandise Stores	4533	$254,771	$1,095,570	-$840,799	-62.3	8
Other Miscellaneous Store Retailers	4539	$1,727,486	$1,819,396	-$91,910	-2.6	4
Nonstore Retailers	454	$1,248,406	$0	$1,248,406	100.0	0
Electronic Shopping & Mail-Order Houses	4541	$882,000	$0	$882,000	100.0	0
Vending Machine Operators	4542	$55,136	$0	$55,136	100.0	0
Direct Selling Establishments	4543	$311,270	$0	$311,270	100.0	0
Food Services & Drinking Places	722	$6,565,871	$8,264,789	-$1,698,918	-11.5	24
Full-Service Restaurants	7221	$3,294,284	$4,918,949	-$1,624,665	-19.8	17
Limited-Service Eating Places	7222	$2,872,144	$2,365,809	$506,335	9.7	4
Special Food Services	7223	$76,677	$736,448	-$659,771	-81.1	3
Drinking Places - Alcoholic Beverages	7224	$322,766	$243,584	$79,182	14.0	1

BASE CASE RETAIL DEMAND PROJECTIONS

Annual Trade Area Household Growth

1%

Estimated Retail SF/Capita		
Concord	County	USA
116	73	45

Estimated 10-Year Trade Area Retail SF Demand

2.1M SF

Current Downtown Capture of Trade Area Retail *

% of County	% of Concord
4%	5%

Estimated 10-Year Base Case Retail SF Demand	
Low (4%)	High (5%)
80,000	100,000

Source ESRI, Inc., LEHD, U.S. Census Center for Economic Studies.

* Capture rates based on existing study area square footage as determined in DFI parcel analysis.

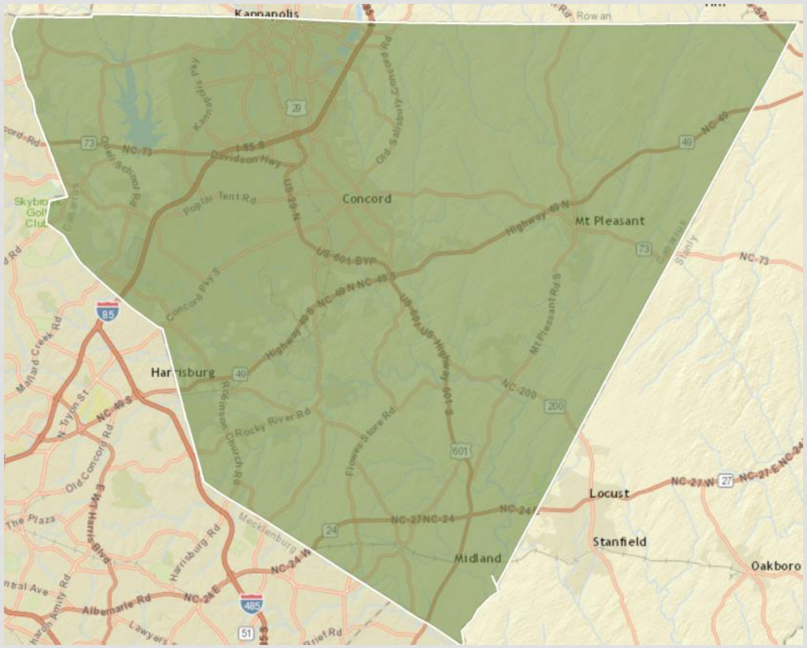
Note: Base Case projections represent future projections of historic trends. County estimated retail SF/capita used in analysis.

OFFICE

BASE CASE DEMAND PROJECTIONS

OFFICE MARKET STUDY AREAS

Study Area: Cabarrus County

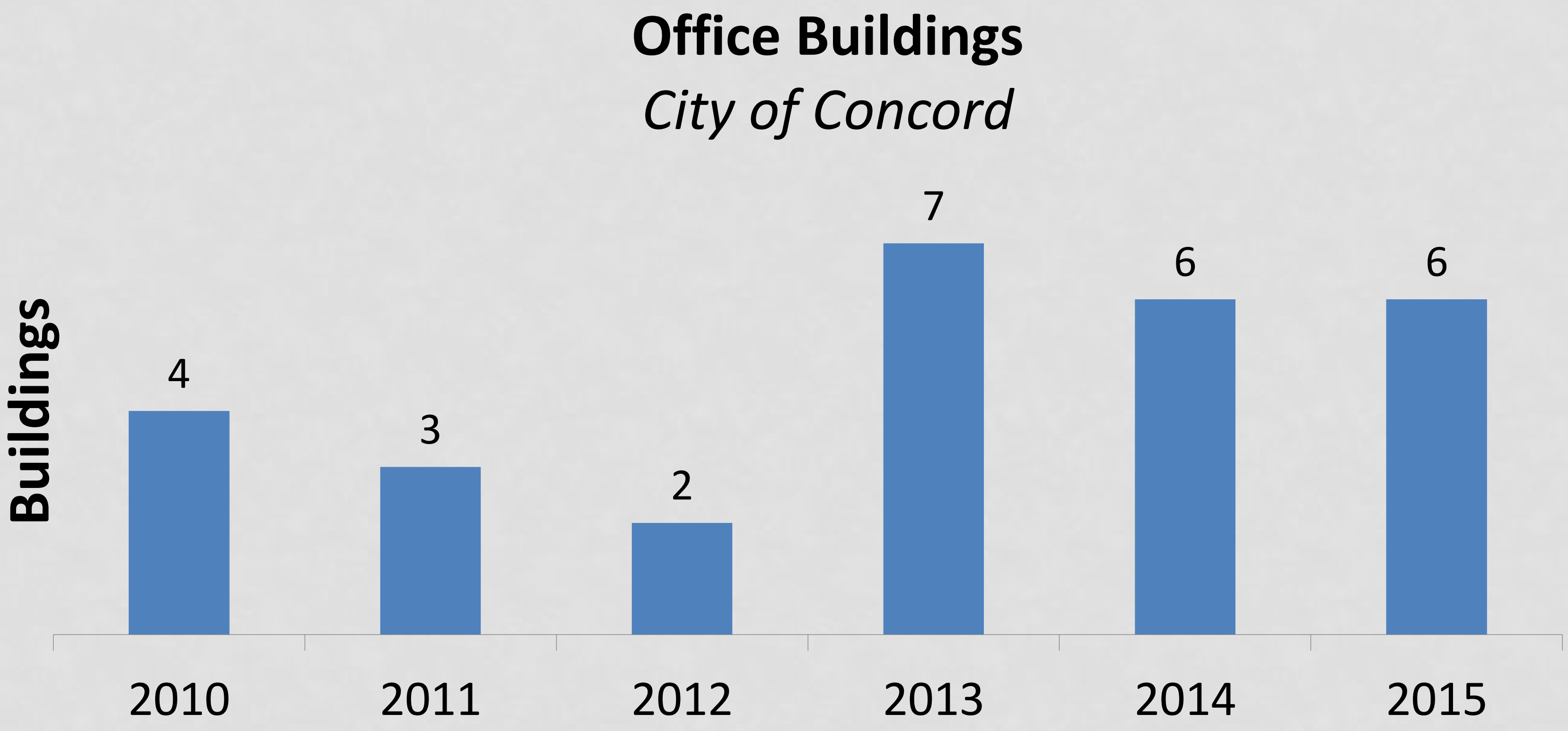


Job Growth Estimates:

Derived from NC Commerce Southwest Prosperity Zone

Source: Esri Business Analyst Online. North Carolina Department of Commerce.

BUILDING PERMITS



Office space permitting has remained stable since 2013

Source: Cabarrus County Construction Standards Dodge Report.

EXISTING OFFICE SUPPLY (CURRENTLY FOR LEASE)

Average Downtown Concord office space rental rate

$12.55/SF*

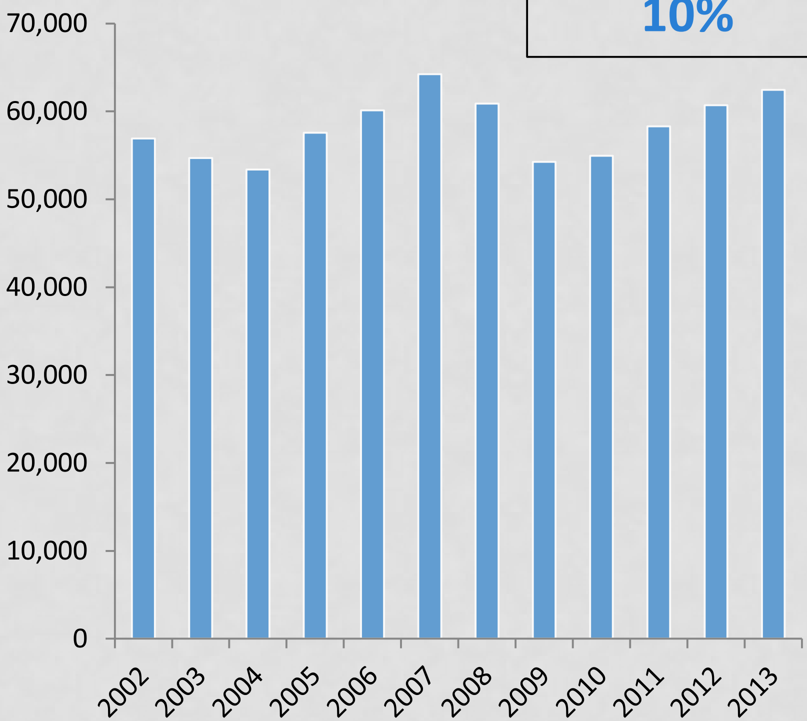
Address	Distance from DT (miles)	SF	Rent	$/SF/yr*
137 Union St. S	Downtown	1,598	$ 2,000	$ 15.02
3 Union St S	Downtown	600	$ 750	$ 15.00
37 Union St S	Downtown	800	$ 933	$ 14.00
80 Church St. N	Downtown	800	$ 650	$ 9.75
24 Cabarrus Ave E	Downtown	1,800	$ 1,350	$ 9.00
1 Buffalo Ave	0.8	1,000	$ 650	$ 7.80
363 Church St N	1.0	4,500	$ 6,000	$16 - $18
363 Church St N	1.0	3,070	$ 3,838	$ 15.00
846 Church St	2.0	3,372	$ 3,934	$ 14.00
845 Church St	2.0	1,637	$ 1,637	$ 12.00
847 Church St	2.0	4,146	$ 4,146	$ 12.00
119 Country Club Dr NE	3.0	1,350	$ 1,463	$ 13.00
119 Country Club Dr NE	3.0	1,050	$ 1,138	$ 13.00
2324 Concord Lake Rd	4.0	3,136	$ 3,920	$ 15.00
280 Executive Park Dr	4.0	2,700	$ 2,250	$ 10.00
952 Copperfield Blvd NE	4.5	4,500	$ 4,500	$ 12.00
8415 Pit Stop Ct NW	10.0	1,500	$ 1,563	$ 12.50
Average		**2,209**		**$ 12.44**

** Represents a mix of NNN, modified gross and full service leases.*
Data as of February, 2016.
Source: LoopNet, CoStar Group, CityFeet.

COUNTY EMPLOYMENT SNAPSHOT

Total Jobs

Cabarrus County



Job Growth 2002-2013

10%

Work Commuting Patterns

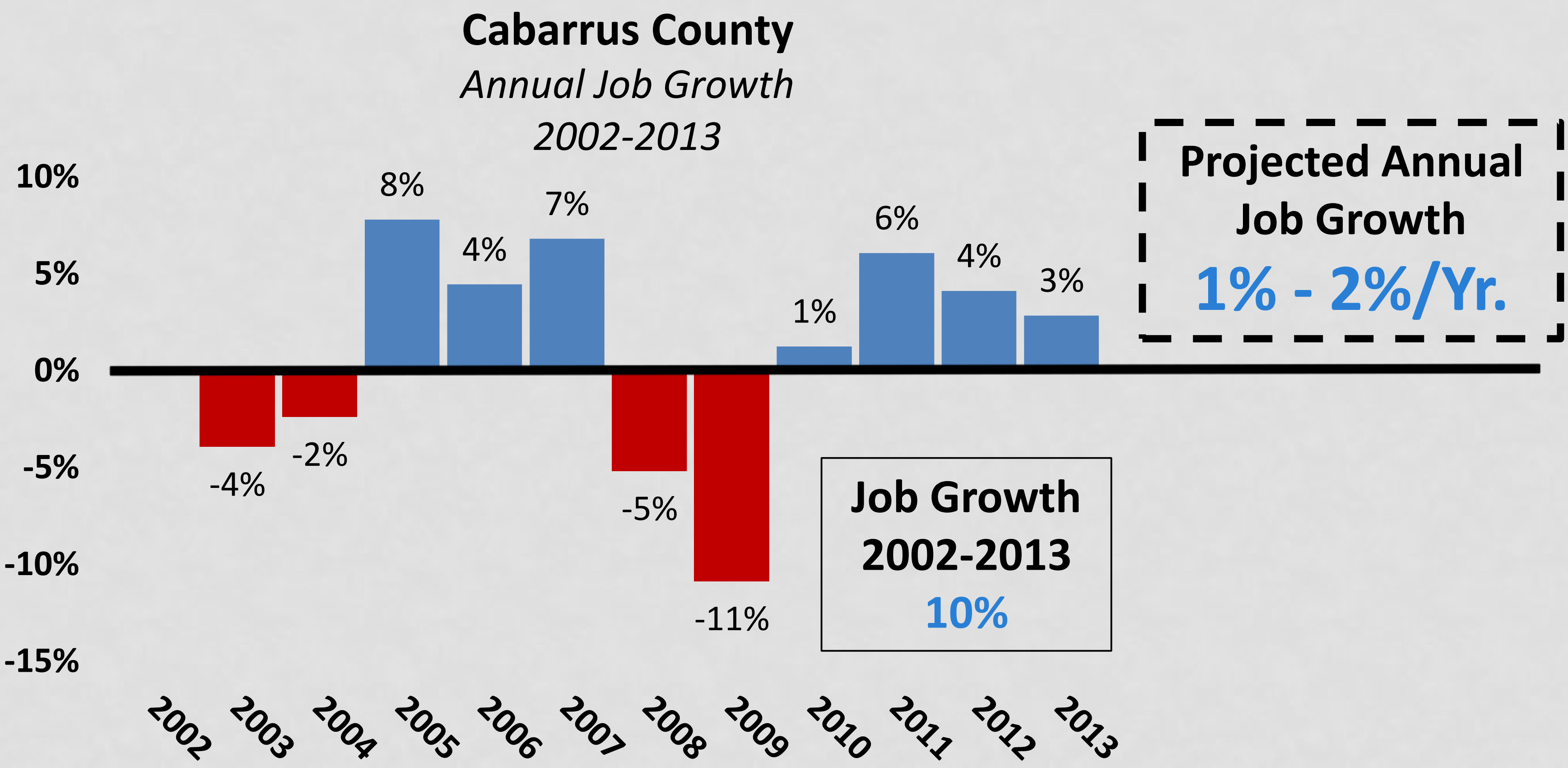
Cabarrus County

Workers	Commute Pattern
24,285	Live & work in Cabarrus Co.
43,274	Enter Cabarrus County
57,171	Leave Cabarrus County

Top Four Cabarrus County Resident Work Destinations	%
Mecklenburg County	42%
Work in Cabarrus County	30%
Rowan County	5%
Wake County	2.5%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD.

EMPLOYMENT GROWTH PROJECTIONS



Declining recent annual job growth; however, projected to remain steady

Source: NC Department of Commerce, ESRI, Inc., LEHD, U.S. Census Center for Economic Studies.

BASE CASE OFFICE DEMAND PROJECTIONS

Average Annual County Job Growth Projection

1.5%

New County Office-Occupying Jobs

3,200 Jobs

Assuming 215 SF/Job

Estimated 10-Year County Office SF Demand

680,000 SF

Current Downtown Capture of Trade Area Office*	
% of County	% of Concord
4%	7%

Estimated 10-Year Office SF **	
Low (4%)	High (7%)
27,000	48,000
125 employees	*225 employees*

* Capture rates based on existing study area square footage as determined in DFI parcel analysis.

** Represents private sector job growth.

Base Case projections represent future projections of historic trends

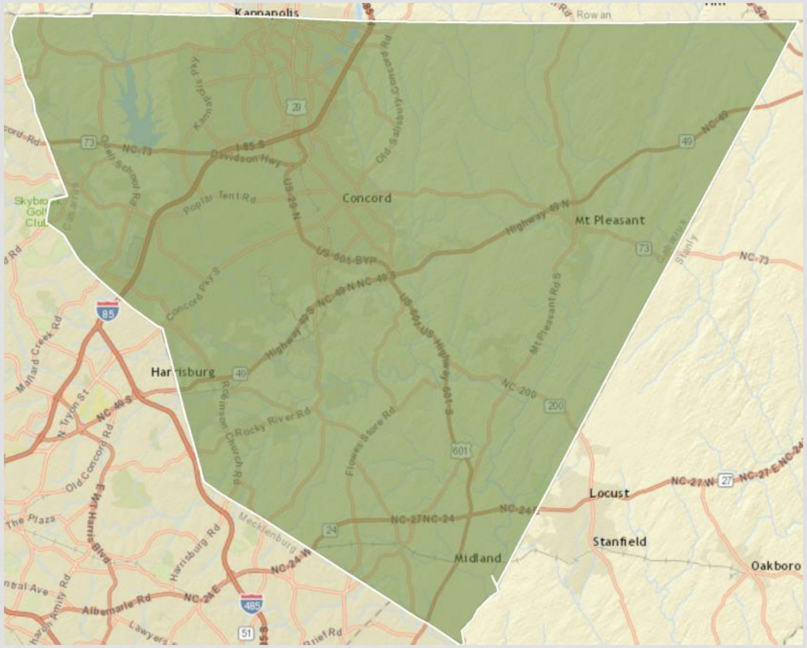
Source: NC Department of Commerce, ESRI, Inc., LEHD, U.S. Census Center for Economic Studies.

HOTEL

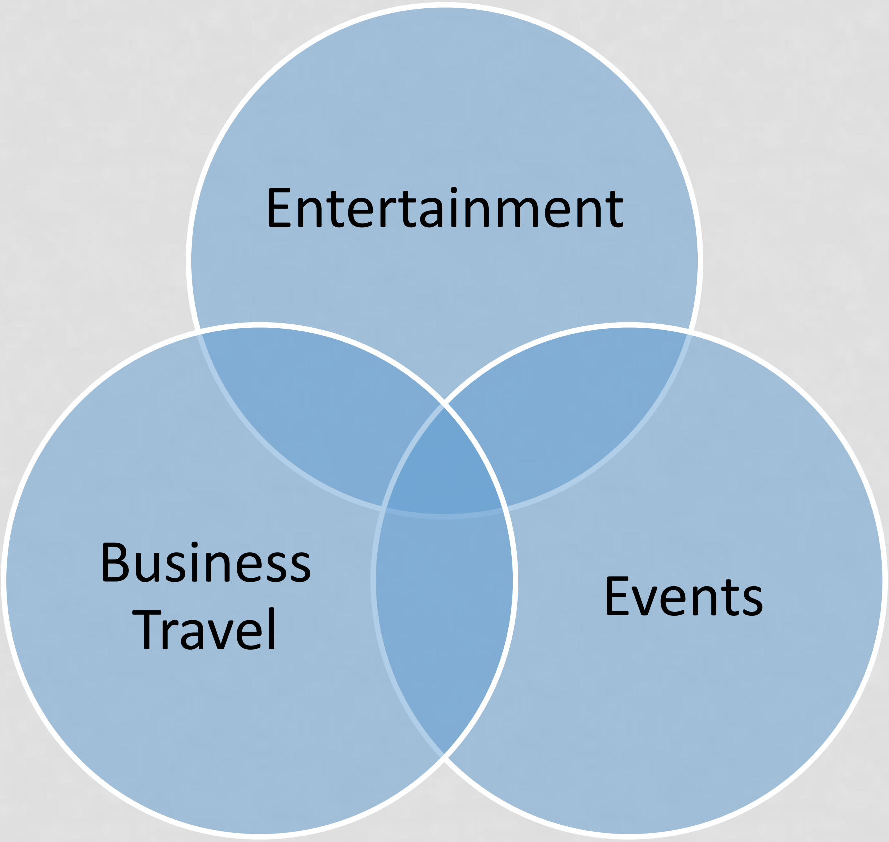
BASE CASE DEMAND PROJECTIONS

HOSPITALITY MARKET ANALYSIS

Study Area: Cabarrus County



Key Hospitality Demand Drivers

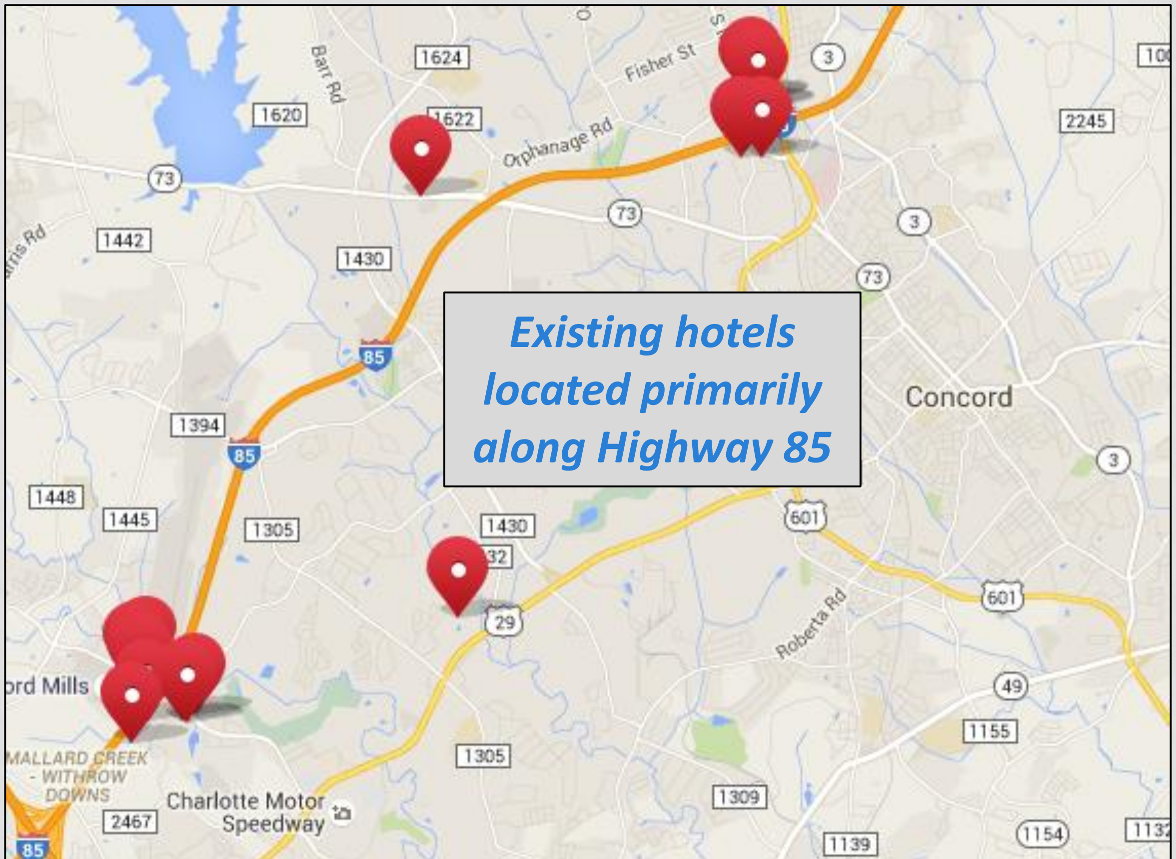


- *County hospitality data provided by the Cabarrus County Convention and Visitors Bureau.*
- *Hotel development requires strong demand across the three "key hospitality demand drivers"*

Source: Esri Business Analyst Online.

HOSPITALITY MARKET ANALYSIS

Existing Hotel Supply



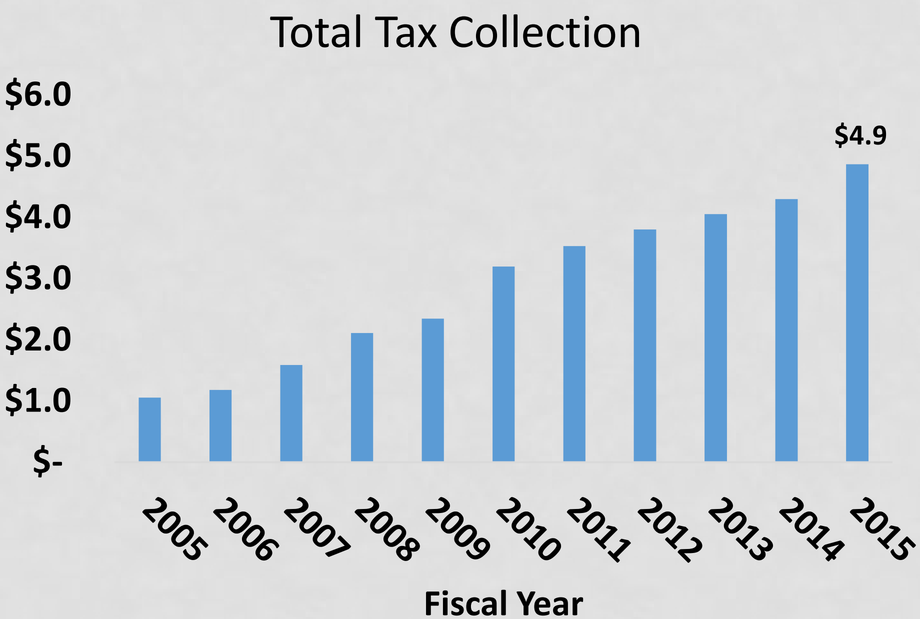
- **Concord:** **2,072 rooms**
- **Kannapolis:** **339 rooms**

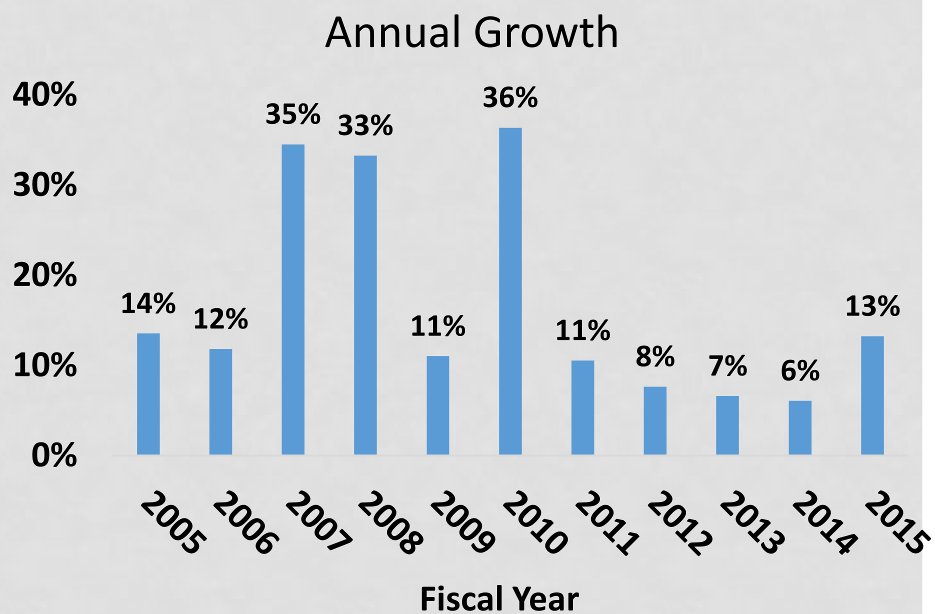
70% of hospitality demand estimated from business travel and conferences*

Source: Cabarrus Convention and Visitors Bureau.
* Young Strategies, Inc. report available through the Cabarrus Convention and Visitors Bureau.

HOSPITALITY MARKET ANALYSIS

Cabarrus County Occupancy Tax Collection

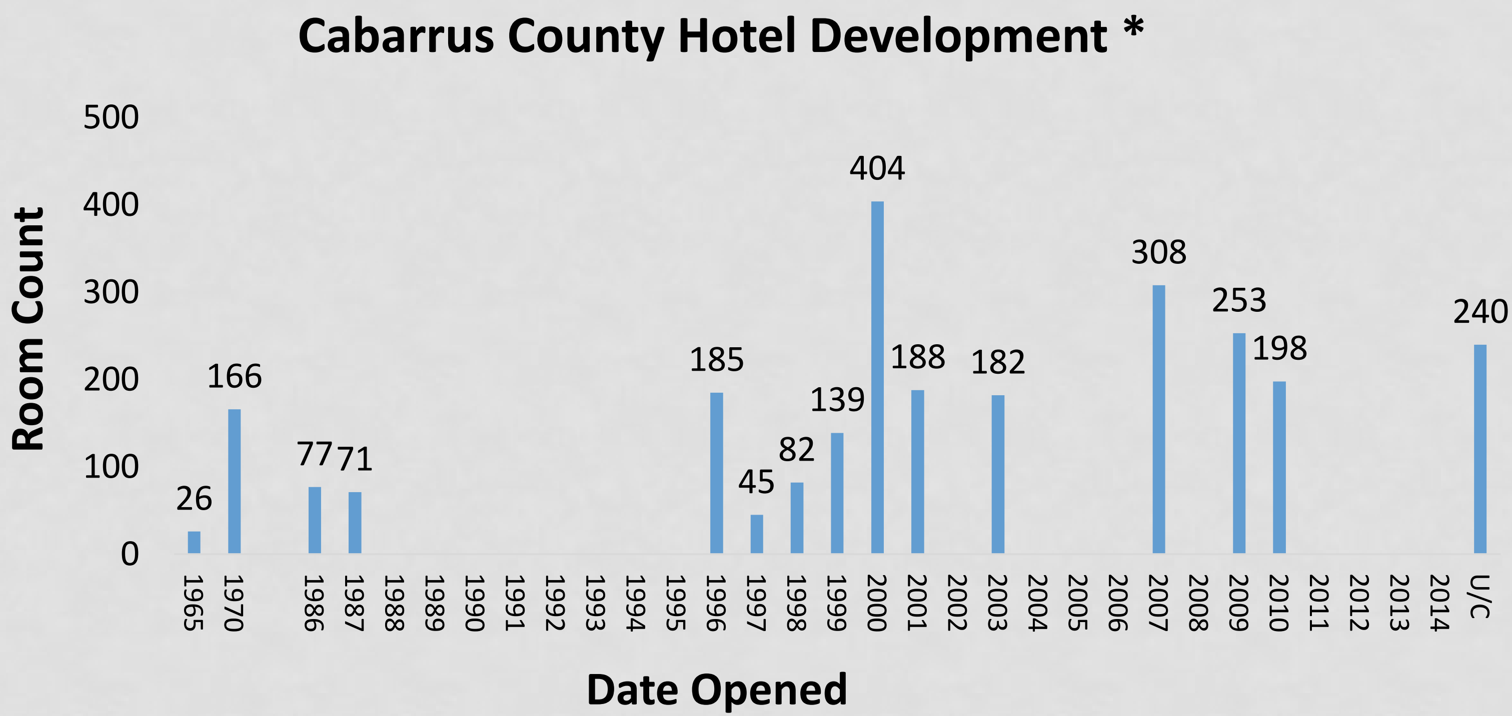




- *Strong growth in hotel occupancy revenue across Cabarrus County*
- *9% average annual occupancy tax revenue growth 2010 – 2015 (5 years)*
- *County occupancy tax rate has remained 6% since 2008, before which it was 5%*

Source: Cabarrus Convention and Visitors Bureau, Young Strategies, Inc.

HOSPITALITY MARKET ANALYSIS

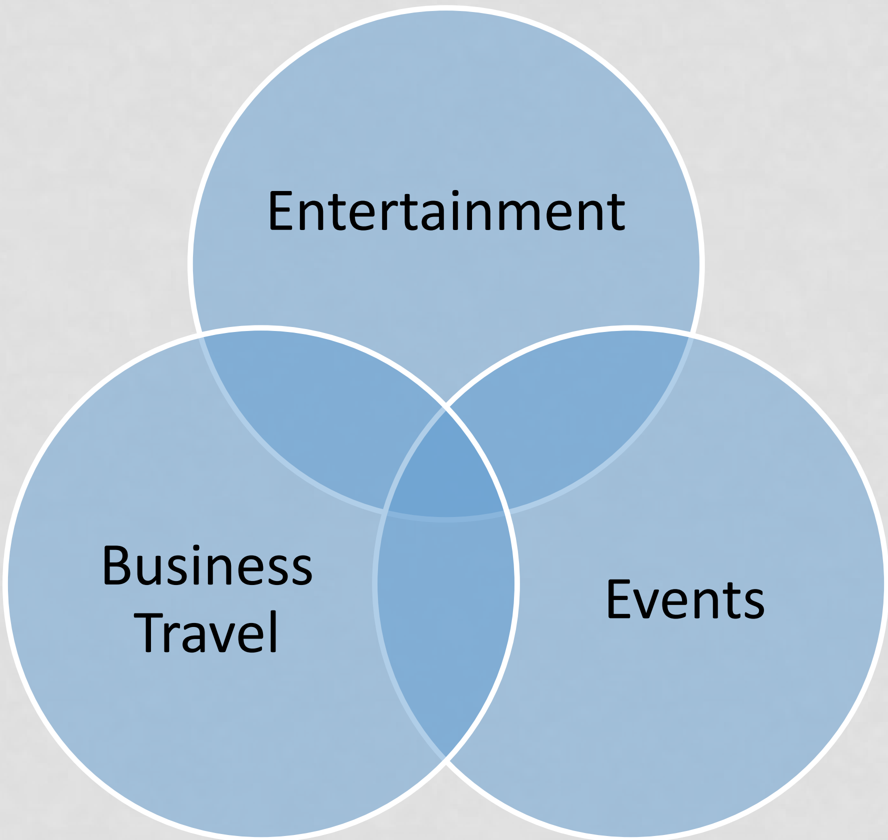


- *Only new County hotel development since 2010 is occurring in Concord*
  - *Homewood Suites and InTown Suites, both near highway 85*
- *However, 5 hotels (345 rooms) have changed affiliation/updated since 2005*

* Data excludes Great Wolf Lodge (402 rooms, 2009), "U/C" indicates "under construction".
Source: Cabarrus Convention and Visitors Bureau, Young Strategies, Inc.

BASE CASE HOSPITALITY DEMAND PROJECTION

Key Hospitality Demand Drivers



Estimated Annual Countywide Hotel Growth (Rooms)

2% - 4%

- *Trend line room growth across Cabarrus County indicates annual room growth is expected to be 2-4%*
- *However, strong demand for all of the key hospitality drivers must be met before downtown hotel development is feasible*
- *Other catalyst downtown development may spur future demand for a downtown hotel*

Source: Cabarrus Convention and Visitors Bureau, Young Strategies, Inc.

SUMMARY BASE CASE DEMAND FINDINGS

SUMMARY BASE CASE PROJECTIONS

	Estimated 10-Year Base Case Projections		Annualized
	Low	*High*	
Residential	390 units	680 units	39-68 units
Retail	80,000 SF	100,000 SF	8,000 - 10,000 SF
Office	27,000 SF	48,000 SF	2,700 - 4,800 SF
Hotel	*TBD*	*TBD*	*TBD*

Strong residential growth coupled with unique downtown character may offer opportunity for downtown mixed use development

Note: Base case projections represent future projection of historic data, as indication of projected base case market demand over 10 years. Annualized figures provided as reference and do not represent expected annual forecast.

SUMMARY FINDINGS

- **Residential:** Robust residential growth indicates potential for additional capture downtown.
- **Retail:** Moderate baseline growth projected; however, retail gap analysis indicates potential categories of pent-up demand in downtown. Catalyst development may take advantage of unique downtown retail character to increase downtown capture rate.
- **Office:** Moderate baseline capture of office space growth projected; however, limited class A office space exists downtown.
- **Hotel:** Occupancy growth remains strong across Cabarrus County; however, strong growth must exist across all of the key hospitality demand drivers for downtown hotel development to be feasible.

DOWNTOWN OPPORTUNITY

- Projected residential growth and interest in walkable, downtown living presents an opportunity for **additional residential development downtown.**
- This coupled with **ground floor commercial space through mixed use development** can further enhance downtown commercial vibrancy and promote Concord’s unique downtown character.
- Strong County hotel occupancy growth with limited hotel options near downtown; however, strong demand across all key hospitality demand drivers must be met before downtown hotel development is feasible. **Other catalyst downtown development may spur future demand for a downtown hotel**.